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SUBJECT: SLOVENIA GROWTH REVISED DOWNWARDS AGAIN, GOS  
FIGHTS BACK WITH NEW FINANCIAL MEASURES

REF: A. LJUBLJANA 487

[B](#). LJUBLJANA 496

[C](#). LJUBLJANA 516

[D](#). LJUBLJANA 550

[1](#)1. The Government of Slovenia (GoS) has revised growth estimates down to 1.1% for 2009, based substantially on new growth forecasts of -0.8% for Germany, Slovenia's biggest trading partner. The growth figures have been falling steadily. In March 2008, the GoS predicted 4.1% GDP growth for 2009. By September, it revised growth down to 3.1%. As recently as December 11, the GoS was still talking about a growth rate between 2 and 3%. Each revision has been tied to the worsening situation in Germany and other Slovenian export markets.

[1](#)2. In an effort to maintain that slim growth and not fall into an actual recession, on December 19 the GoS approved the following eight measures -- some of which we reported in Ref D -- worth 800 million euro (2.13% of the GDP) slated to take effect immediately:

- Inject capital into the state-owned Slovene Export and Development Bank (SID Bank) for corporate loans - particularly to companies that export.

- Increase the reserves in the Public Fund for Entrepreneurship.

- Subsidize companies that have to cut the work week to less than 40 hours. If companies agree not to lay off employees and to eliminate bonuses for managers, the GoS will lower taxes and increase contributions to health and pension funds to cover the would otherwise have been contributed by the employers for the reduced hours.

- Maintain a floor price for gasoline. If fuel cost drops, the price difference will be made up in fuel taxes to reinvest in the economy.

- Increase tax relief for SME investment in research and development.

- Reduce GoS invoice payment cycle from 60 days to 30 days.

- Support investments in new technology products and services.

- Increase investments in infrastructure, including the energy sector and railroads.

- Introduce standardized cost-saving measures for any entity that receives money through these measures including banning first class air tickets, and eliminating Christmas bonuses.

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